

State of Arkansas

76th General Assembly

Regular Session, 1987 AS ENGROSSED 2/26/87

HOUSE BILL 1398

By: Representatives Newman, Turner, and D. Roberts

"AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS INSURANCE CODE AND RELATED INSURANCE LAWS, ACT 148 OF 1959, AS AMENDED, THE SAME BEING ARKANSAS STATUTES ANNOTATED SECTIONS 66-2001 THROUGH 66-6108; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 23 of Act 148 of 1959, the same being Arkansas Statute 66-2108, is hereby amended to read as follows:

"Section 23. (1) The Commissioner shall enter in permanent form records of his official transactions, examinations, investigations, and proceedings, and keep such records in his office. Such records and insurance filings in his office shall be open to public inspection, except as otherwise provided in this code with respect to particular records or filings.

(2) Confidential data and reports provided to the Insurance Commissioner by the National Association of Insurance Commissioners (NAIC), including but not limited to insurers' IRIS ratios and examiner team synopses, shall be deemed privileged communications and shall not be open to public inspection, and shall not be admissible in evidence in any action or proceeding, other than those brought by the Commissioner; nor shall any insurers, agents, or brokers, which may be the subject of such confidential reports have a cause of action against the Insurance Commissioner, his deputies, examiners, assistants, or employees, or against the NAIC, its members, subscribers, officers, directors, assistants, or employees, by reason of the furnishing of any such information to the Insurance Commissioner.

(3) The Commissioner may destroy or otherwise dispose of records and filings in his office in accordance with such rules and procedures as provided by other applicable laws."

SECTION 2. Subsection (5) of Section 40 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2125(5), is hereby amended to read as follows:

"(5) Upon written request timely made by a party to the hearing and at such person's expense, the Commissioner shall cause a full stenographic record of the proceedings to be made by a competent reporter. If transcribed, a copy of such stenographic record shall be furnished to the Commissioner. Notwithstanding the provisions of Act 434 of 1967, as amended, the transcribed stenographic record shall be furnished to the Commissioner without cost to the Commissioner or the State, and shall be a part of the Commissioner's record of the hearing. If so transcribed a copy of such stenographic record shall be furnished to any other party to such hearing at the request and expense of such other party. If no stenographic record is made or transcribed, the Commissioner shall prepare an adequate record of the evidence and of the proceedings."

SECTION 3. Subsection (8) of Section 42 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2127(8), is hereby amended to read as follows:

"(8) Appeal may be taken to the Arkansas Supreme Court or the Arkansas Court of Appeals from the judgment of the Circuit Court as in other civil cases. The Circuit Court judgment appealed from shall not be subject to supersedeas, and a stay of the effectiveness of any such judgment may be made only by order of the Arkansas Supreme Court or the Arkansas Court of Appeals upon the giving of such security as that court deems proper."

SECTION 4. Subsection (1) of Section 49 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2207(1), is hereby amended to read as follows:

"(1) To qualify for authority to transact any one kind of insurance (as defined in Chapter 5) or combinations of kinds of insurance as shown below, an insurer applying for its original certificate of authority in Arkansas after the effective date of this amendment, shall possess and thereafter maintain unimpaired paid-in capital (if a stock insurer) or surplus (if a foreign or alien mutual, or domestic mutual legal reserve life insurer, or foreign or alien reciprocal insurer) in amount not less than as applicable under the

schedule below, and shall possess when first so authorized such additional funds as surplus as are required under Section 50 of this Code, as amended:

Kind or Kinds of Insurance	Minimum Capital or Surplus Required
Life	\$500,000
Disability	500,000
Life and Disability	500,000
Property	250,000
Casualty	500,000
Surety	500,000
Marine	250,000
Title	100,000
Title and Abstractor's Professional Liability	125,000
Property, Casualty and Marine	750,000.

As to any combination of kinds of insurance, other than combinations of kinds of insurance specifically listed in this amendment, the insurer shall possess the sum of the minimum capital or surplus required by this amendment for the kinds of insurance it proposes to transact. Provided, the Commissioner may require reinsurance on terms and in amounts as are reasonable under the circumstances for abstractor's professional liability insurance when written by title insurers."

SECTION 5. Subsection (3) of Section 51 of Act 148 of 1959, as amended, the same being Arkansas Statutes 66-2209 (3), is hereby repealed.

SECTION 6. Section 53 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2211, is hereby amended by adding subsection (12) as follows:

"(12) Before granting a certificate of authority to an insurance company, the Commissioner shall be satisfied, by such examination as he deems necessary to make and by review of such evidence as he deems necessary to require that such company is duly qualified under the laws of this State to transact business herein. The costs of any such examinations will be reimbursed pursuant to Section 35 of Act 148 of 1959, as amended."

SECTION 7. Section 54 of Act 148 of 1959, the same being Arkansas

Statute 66-2212, is hereby amended to read as follows:

"Section 54. (1) The certificate of authority, if issued, shall specify the kind or kinds of insurance the insurer is authorized to transact in Arkansas. At the insurer's request, the Commissioner may issue a certificate of authority limited to particular types of insurance or insurance coverage within the scope of a kind of insurance as defined in Sections 72 through 81 of this Code, as amended.

(2) Although issued to the insurer, the certificate of authority is at all times the property of the State of Arkansas. Upon any expiration, suspension, or termination thereof, the insurer shall promptly deliver the certificate of authority to the Commissioner."

SECTION 8. Subsection (1) of Section 68 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2301 (1), is hereby amended to read as follows:

"(1) The Commissioner shall collect in advance, and persons so served shall pay to the State Treasurer through the Commissioner, fees, licenses and miscellaneous charges as follows:

- (a) Admission Fees:
  - (i) Filing and reviewing all documents necessary for issuance of certificate of incorporation (domestic companies).....\$ 100
  - (ii) Issuance of an original certificate of incorporation (domestic companies)..... 50
  - (iii) Reviewing all documents necessary for issuance of original certificate of authority..... 500
  - (iv) Issuance of original certificate of authority (all companies)..... 150
  - (v) Issuance of original license for rate service organizations..... 500
  - (vi) Filing and reviewing all documents of a non-admitted company seeking to be placed on the 'approved' list for the writing of surplus line insurance..... 500
- (b) Annual Renewal Fees:
  - (i) Filing annual statement (all companies)..... 50
  - (ii) Renewal of Certificate of Authority (all companies). 100
  - (iii) Rate service organizations, annual continuation of

license.....	100
(c) Other Miscellaneous Fees:	
(i) Amendment of Articles of Incorporation.....	25
(ii) Reinstatement of Certificate of Authority.....	50
(iii) Amending an existing Certificate of Authority.....	100
(d) Agent's License (Resident Agents):	
(i) Property, casualty, surety agents:	
Original issuance of each license.....	15
Appointment of agent by insurer, each insurer.....	10
Annual Continuation of appointment, each insurer....	10
(ii) Life and disability insurance agents, appointment of	
agent by insurer, each insurer.....	10
Annual continuation of appointment, each insurer....	10
(iii) Each vending machine, licensed under §171 (§66-2828),	
each year.....	10
(e) Broker's License (Resident Brokers):	
Original license.....	30
Annual continuation of license.....	30
(f) Solicitor's License:	
Original license.....	15
Annual continuation of license.....	15
(g) (i) Non-resident Broker License:	
Original license.....	30
Annual continuation of license.....	30
(ii) Non-resident Agent License:	
Original license, Individual.....	30
Annual Continuation of License, Individual.....	30
Original License, Non-resident Firms and Corporations	
plus one qualifying Individual.....	100
Each Additional Individual.....	30
Annual Continuation of Non Resident Firms and Corpora-	
tion License.....	100
Annual continuation of Each Additional Individual...	30
(h) Temporary License:	
As resident agent.....	10
As resident broker.....	25

(i) Examination for Agent, Broker, or Solicitor License:	
Filing application for examination, agent, broker or solicitor.....	25
Filing application for reexamination, agent, broker, or solicitor.....	15
(j) Surplus Line Broker License:	
(i) Original License, Individual.....	1,000
(ii) Original License, Firms and Corporations plus one qualifying Individual.....	1,000
(iii) Each Additional Individual.....	100
(iv) Annual Continuation of License.....	25
(k) Adjuster's License, each year.....	25
(l) Miscellaneous services:	
(i) For copies of documents, records on file in Insurance Department, per page.....	\$1.00
(ii) For each certificate of the Commissioner other than Certificates of Authority.....	\$5.00."

SECTION 9. Section 81 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2410, is hereby amended to read as follows:

"Section 81. (1) Any authorized insurer may accept reinsurance only of such risks, in this State, and retain risk thereon within such limits, as it is authorized to insure.

(2) No credit shall be allowed, as an asset or a deduction from liability, to any ceding insurer for reinsurance unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding insurer under the contract reinsured without diminution because of the insolvency of the ceding insurer.

(3) Upon request of the Commissioner an insurer shall promptly inform the Commissioner in writing of the cancellation or any other material change of any of its reinsurance treaties or arrangements.

(4) This Section shall not apply to insurance of wet marine and foreign trade insurance risks."

SECTION 10. Section (1) of Section 99 of Act 148 of 1959, the same being Arkansas Statute 66-2603(1), is hereby amended to read as follows:

"(1) Without prior written approval of the Commissioner, no security or investment (other than real and personal property acquired under section 124 (real estate) of this chapter) shall be eligible for acquisition unless it is interest bearing with such accrued interest being paid annually or more frequently than annually, or dividend or income paying, or is held for income purposes, is not then in default in any respect, and the insurer is entitled to receive for its exclusive account and benefit the interest or income accruing thereon."

SECTION 11. Section 155 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2812, is hereby amended to read as follows:

"Section 155. (1) If a firm or corporation shall be licensed only as an agent or broker. If a firm each general partner and each other individual to act for the firm under the license, and if a corporation each individual to act for the corporation under the license, shall be named in the license and shall qualify therefor as though an individual licensee. The Commissioner shall charge, and the licensee shall pay, a full additional license fee as to each respective individual so named in such license in excess of one.

(2) (a) The Commissioner may in his discretion issue an agent's license to a firm or corporation organized under the laws of another state, provided such firm or corporation is duly licensed as a resident agent or broker under the laws of its state of domicile. If a firm, each general partner and each other individual to act for the firm under the license, and if a corporation each individual to act for the corporation under the license, shall be named in the license and shall qualify therefor as though an individual agent under the provisions of this Code. The Commissioner shall charge, and the licensee shall pay, a full additional license fee as to each respective individual agent in such license in excess of one (1), in the amounts stated in Section 68, as amended.

(b) The licensee shall promptly notify the Commissioner of all changes among its members, directors and officers, and all other individuals designated in the license.

(c) As a part of the application for such license, the Commissioner shall require the applicant to file a written agreement executed by a member or officer authorized to act for the firm or corporation acknowledging under oath that its agents will not during the period of the license directly or

indirectly place insurance upon subjects resident, located or to be performed in this State except by policies or contracts in insurers authorized to transact insurance in this State and countersigned by Arkansas resident agents, where countersignature is required under this code.

(d) Application for and acceptance of a firm or corporation's license as a nonresident agent shall thereby be deemed to constitute irrevocable appointment of the Commissioner as the attorney of such licensee for the acceptance of service of process issued in this State, and such licensee shall comply with the further provisions of Section 170 of Act 148 of 1959, as amended, in that regard.

(e) Upon issuance, such license shall state the names of the insurers to be so represented.

(3) The licensee shall within ten (10) days notify the Commissioner of all changes among its members, directors, officers, and all other individuals designated in the license."

SECTION 12. Subsection (1) of Section 201 of Act 148 of 1959, the same being Arkansas Statute 66-2921(1), is hereby amended to read as follows:

"(1) Coincident with the filing of the affidavit required under Section 191, and no later than sixty (60) days following the end of the month in which surplus line insurance was procured the surplus line broker shall remit to the State Treasurer through the Commissioner, as a tax imposed for the privilege of transacting business as a surplus line broker in this State, a tax of four percent (4%) on the direct premiums written, less return premiums and exclusive of sums collected to cover state or federal taxes, on surplus line insurance subject to tax transacted by him during the preceding months as shown by his affidavit filed with the Commissioner."

SECTION 13. Section 202 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-2922, is hereby amended to read as follows:

"Section 202. (1) If any surplus line broker fails to file his annual statement on the first day of March, he shall be liable for a fine of fifty dollars (\$50) for each day of delinquency commencing with the first day of March; except, that for good cause shown, the Commissioner may grant after a written request a reasonable extension of time within which such statement may be filed. The fine may be recovered by an action instituted by the



Commissioner in any court of competent jurisdiction. The Commissioner shall pay to the State Treasurer any fine so collected.

(2) If any surplus line broker fails to remit the tax as provided by law when the tax is due, he shall be liable for a fine of fifty dollars (\$50) for each day of delinquency commencing with the sixty-first (61st) day after the end of the month in which surplus line insurance was procured; except, that for good cause shown, the Commissioner may grant after a written request a reasonable extension of time within which such tax may be paid. The tax may be collected by distraint, or the tax and fine may be recovered by an action instituted by the Commissioner in any court of competent jurisdiction. The Commissioner shall pay to the State Treasurer any fine so collected."

SECTION 14. Section 1 of Act 12 of 1968 (First Extraordinary Session), the same being Arkansas Statute 66-3029, is hereby amended to read as follows:

"Section 1. It is the public policy of the State that life and disability insurance agents shall provide reasonable and professional service to each insured or prospective insured. Each agent is therefore charged with the responsibility of exercising discretion and good faith in the sales presentation or transaction. Further it is within the general welfare of the people that each life and disability agent when professionally advisable improve upon or change the type of insurance that any insured or prospective insured presently has by providing either better coverage or an overall program of insurance more suitable for the needs of the insured, his or her family, or a business. However, certain abuses occur when agents engage in the above type of solicitation without good faith and professional discretion."

SECTION 15. Subsection 1 of Section 1 of Act 298 of 1975, as amended, the same being Arkansas Statute 66-3248, is hereby amended to read as follows:

"(1) Every disability policy, contract, certificate or health care plan sold, delivered, issued or offered for sale, issue or delivery in this State, other than coverage limited to expenses from accidents or specified diseases, whether an individual or group policy, contract, certificate or plan, which covers the insured and members of the insured's family, shall include coverage for newborn infant children by the insured from the moment of birth. The coverage of newborn children shall be the same as is provided for other members of the insured's family and shall include coverage for illness, injury,

congenital defect, premature birth, and tests for hypothyroidism and phenylketonuria, as well as any testing of newborn infants hereafter mandated by law and shall also include coverage to pay for routine nursery care and pediatric charges for a well newly born child for up to five (5) full days in a hospital nursery, or until the mother is discharged from the hospital following the birth of the child, whichever is the lesser period of time."

SECTION 16. Section 1 of Act 710 of 1983, the same being Arkansas Statute 66-3259, is hereby repealed.

SECTION 17. Section 420 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-3702, is hereby amended by adding subsection (6) as follows:

"(6) A provision that all benefits payable under the policy other than benefits for loss of time will be payable immediately upon receipt of due written proof of such loss, and that, subject to due proof of loss, all accrued benefits payable under the policy for loss of time will be paid not later than at the expiration of each period of thirty (30) days during the continuance of the period for which the insurer is liable, and that any balance remaining unpaid at the termination of such period will be paid immediately upon receipt of such proof."

SECTION 18. Section 3 of Act 814 of 1985, as amended, the same being Arkansas Statute 66-3723, is hereby amended to read as follows:

"Section 3. Continuation of coverage shall not be available to an individual who is eligible for:

- (a) Federal medicare coverage; or
- (b) Full coverage under any other group disability policy or contract.

This coverage must provide benefits for all pre-existing conditions to be considered full coverage. Accordingly, under this subsection, an individual may continue his/her previous group coverage until all pre-existing conditions are covered or would be covered under another group policy or contract, or until termination pursuant to Section 7 of Act 814 of 1985, as amended, or pursuant to the applicable provisions of Federal law.

SECTION 19. Section 1 of Act 815 of 1985, as amended, the same being

Arkansas Statute 66-3731, is hereby amended to read as follows:

"Section 1. Every group policy, contract or certificate of disability insurance delivered or issued for delivery in this State which provides hospital, surgical or major medical coverage on an expense incurred basis, other than coverage limited to expenses from accidents or specified diseases, shall provide that an employee, member or covered dependent whose insurance under the group policy has been terminated for any reason, including the discontinuance of the group policy in its entirety, shall be entitled to have issued to him by the insurer a policy of disability insurance hereinafter referred to as a conversion policy. An employee, member or dependent shall not be entitled to a conversion policy if the termination of the group policy, contract or certificate was a result of his failure to pay any required contribution or if the terminated policy is replaced by similar coverage within thirty-one (31) days. An individual wishing to exercise his/her conversion privilege must apply for the conversion policy in writing not later than thirty (30) days after the termination of the group coverage."

SECTION 20. Section 3 of Act 815 of 1985, as amended, the same being Arkansas Statute 66-3733, is hereby amended to read as follows:

"Section 3. The insurer shall not be required to offer the conversion policy to any individual who is eligible for:

(a) Federal medicare coverage; or

(b) Full coverage under any other group disability policy or contract.

This coverage must provide benefits for all pre-existing conditions to be considered full coverage. Accordingly, under this subsection, an individual may convert to a conversion policy and remain covered by that policy until all pre-existing conditions are covered or would be covered under another group policy or contract."

SECTION 21. Section 2 of Act 454 of 1975, the same being Arkansas Statute 66-5202, is hereby amended by adding subsection (9) to read as follows:

"(9) 'Domestic corporation' means any corporation organized pursuant to Section 29, 35.4 and 54 through 65 of Act 576 of 1965, as amended, and Act 176 of 1963, as amended."

SECTION 22. Subsection (1) of Section 3 of Act 454 of 1975, the same being Arkansas Statute 66-5203(1), is hereby amended to read as follows:

"(1) Any domestic corporation may apply to the Commissioner for and obtain a certificate of authority to establish and operate a health maintenance organization which meets the requirements of Act 454 of 1975, as amended. No person shall establish or operate a health maintenance organization in this State, or sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health maintenance organization without obtaining a certificate of authority under Act 454 of 1975, as amended. The corporation must have the express authority to operate a health maintenance organization contained in its articles of incorporation. Incorporation shall not be required of any entity which has been issued a certificate of authority prior to the effective date of this amendment."

SECTION 23. Subsection (2) of Section 4 of Act 454 of 1975, as amended, the same being Arkansas Statute 66-5204(2) is hereby amended to read as follows:

"(2) The Commissioner shall issue a Certificate of Authority to any person filing an application pursuant to Section 3 of this Act within sixty (60) days of receipt of the certification from the Director of the Department of Health, when the Commissioner is satisfied that the following conditions are met:

(a) The persons responsible for the conduct of the affairs of the applicant are competent, trustworthy, and possess good reputations;

(b) The Director of the Department of Health certifies in accordance with Subsection (1) that the health maintenance organization's proposed plan of operation meets the requirements of Subsection (1) (b);

(c) The health care plan constitutes an appropriate mechanism whereby the health maintenance organization will effectively provide or arrange for the provision of basic health care services on a prepaid basis, through insurance or otherwise, except to the extent of reasonable requirements for co-payments;

(d) The health maintenance organization is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees;

(e) The health care plan's arrangements for health care services and the schedule of charges for use therewith are financially sound and reasonable;

(f) Any agreements with insurers, hospitals, medical service corporations, governmental entities, or any other organizations, for insuring the payment of the cost of health care services or the provision for automatic applicability of alternative coverage in the event of discontinuance of the plan are reasonable and adequate;

(g) Agreements with providers for the provision of health care services are reasonable and adequate;

(h) That enrollees will be afforded an opportunity to participate in matters of policy and operation pursuant to Section 6 of this Act;

(i) That nothing in the proposed method of operation, as shown by the information submitted pursuant to Section 3 of this Act or by independent investigation, is contrary to the public interest;

(j) That any deficiencies certified by the Director of the Department of Health have been corrected;

(k) That any deposit of cash or securities, in an amount determined to be appropriate by the Commissioner pursuant to Section 14 of this Act, is sufficient to guarantee that the obligations to provide the promised benefits will be duly performed; and

(l) That the applicant has paid-in capital in an amount not less than \$100,000, and additional working capital or surplus funds in an amount deemed by the Commissioner to be adequate in relation to the proposed plan of operation."

SECTION 24. Section 22 of Act 454 of 1975, as amended, the same being Arkansas Statute 66-5222, is hereby amended to read as follows:

"Section 22. (1) Proceedings against a Certificate of Authority.

(a) When the Commissioner has cause to believe that grounds for the suspension or revocation of a Certificate of Authority exist, he shall notify the Health Maintenance Organization and the Director of the Department of Health in writing specifically stating the grounds for suspension, or revocation and fixing a time of at least twenty (20) days thereafter for a hearing on the matter.

(b) The Director of the Department of Health, or his designated

representative, shall be in attendance at the hearing and shall participate in the proceedings. The recommendation and findings of the Director of the Department of Health with respect to matters relating to the quality of health care services provided in connection with any decision regarding suspension or revocation of a Certificate of Authority, shall be conclusive and binding upon the Commissioner. After such hearing or upon the failure of the Health Maintenance Organization to appear at such hearing, the Commissioner shall take action as is deemed advisable on written findings which shall be mailed to the Health Maintenance Organization with a copy thereof to the Director of the Department of Health.

(2) Judicial review. The action of the Commissioner and the recommendation and findings of the Director of the Department of Health shall be subject to review by the Circuit Court of Pulaski County. The court may, in disposing of the issue before it, affirm or reverse the order of the Commissioner. The review shall be upon the entire record and the Commissioner's decision shall be affirmed if it is supported by the preponderance of the evidence in the record.

(3) The provisions of the Administrative Procedure Act of this State shall apply to proceedings under this Section to the extent they are not in conflict with subsections (1) and (2)."

SECTION 25. Subsection (b) of subsection (4) of Section 24 of Act 454 of 1975, the same being Arkansas Statute 66-5224(4)(b), is hereby amended to read as follows:

"(b) Within thirty (30) days after service of the order of cease and desist, the respondent may request a hearing on the questions of whether acts or practices in violation of this Act have occurred. Such hearings shall be conducted pursuant to the provisions of Chapter 21 of the Insurance Code, as amended, and judicial review shall be available as provided in section 216 of Act 148 of 1959, as amended."

SECTION 26. Subsection (1) of Section 4 of Act 368 of 1977, the same being Arkansas Statute 66-5404, is hereby amended to read as follows:

"(1) Upon receipt of an application for a certificate of authority, the Commissioner shall issue or deny a certificate pursuant to this Act within sixty (60) days of the application, which may be extended for an additional

thirty (30) days by notice to the applicant prior to the expiration of the first sixty (60) days. A certificate of authority shall be issued upon payment of the application fee prescribed in Section 18 of this Act, if the Commissioner is satisfied that the following conditions are met:

(a) The persons responsible for the conduct of the affairs of the applicant are competent, trustworthy and of good reputation;

(b) The applicant has paid-in capital in an amount not less than \$100,000, and additional working capital or surplus funds in an amount deemed by the Commissioner to be adequate in relation to the proposed plan of operation;

(c) The applicant demonstrates the willingness and ability to assure that the promised benefits can be provided. In making this determination, the Commissioner shall consider so far as applicable:

(i) Any agreements with lawyers or paralegal personnel for the provisions of legal services;

(ii) The financial soundness of the applicant's arrangements for legal services and the schedule of rates proposed to be used in connection therewith;

(iii) Any agreement with another person authorized under this Act, an insurer licensed under the general insurance laws to do business in this State, a reinsurer eligible under the laws or regulations of this State to provide reinsurance, or an agency of the federal or state government for insuring the payment of the cost of legal services or the provision for automatic applicability of an alternative coverage in the event the insurer is unable to perform its obligation;

(iv) Any deposit of cash or securities, in an amount determined to be appropriate by the Commissioner, as a guarantee that the obligations to provide the promised benefits will be duly performed; and,

(v) If the applicant is licensed as an insurer under other insurance laws, whether the applicant has complied with the requirements of those laws."

SECTION 27. Section 8 of Act 368 of 1977, the same being Arkansas Statute 66-5408, is hereby amended to read as follows:

"Section 8. Each insurer shall annually, on or before the first (1st) day of March, file with the Commissioner a report verified by at least two (2)

principal officers. The report shall be on forms prescribed by the Commissioner and shall include:

- (1) A financial statement of the insurer's legal insurance business including:
  - (a) Its balance sheet; and
  - (b) Its receipts and disbursements for the preceding year;
- (2) Any material changes in the information submitted pursuant to Section 4 of this Act;
- (3) Such information about the number of persons protected and terminated as may be prescribed by the Commissioner;
- (4) Such other information relating to the performance of the insurer as is necessary to enable the Commissioner to carry out his duties under this Act."

SECTION 28. Section 19 of Act 368 of 1977, the same being Arkansas Statute Annotated §66-5419, is hereby amended to read as follows:

"Section 19. (a) Taxation on legal insurance premiums shall be fixed at a rate of two and one-half percent (2-½%) of direct written premium income in Arkansas, after deduction for dividends paid to policyholders and returned premiums, and shall be due and payable coincident with the filing of the insurer's annual report as required by Section 8 of this Act.

(b) The Commissioner shall deposit all premium taxes collected under this Section in the State Treasury as 'general revenues'."

SECTION 29. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 30. If any provision of this Act or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity of unconstitutionality shall not affect other provisions or applications of this Act which can be given effect without the invalid provision or application, and for this purpose, the provisions of this Act are separable.

SECTION 31. It is hereby found and determined by the General Assembly that the laws of this State concerning the insurance matters covered in the subject of this Act are inadequate for the protection of the public and the



immediate passage of this Act is necessary in order to provide for the adequate protection of the public. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the public peace, health and safety, shall be in full force and effect from and after its passage and approval.

/s/ Bobby Newman, et al

